

Bob Donaldson

A letter to SDL's Mark Lancaster and Idiom's Mike Iacobucci



Dear Mark and Mike,

It is with some ambivalence that I greet the recent SDL acquisition of Idiom Technologies, Inc., and it is in that light that I write this open letter. I should say, first, that as one of Idiom's newer LSP Advantage partners, McElroy Translation has appreciated the way you and your staff have been available to us – along with other language service providers (LSPs) affected by the merger – in an effort to address our concerns and allay our fears. When something as significant and potentially disruptive as this occurs, there is no shortage of speculative commentary, and it has been very helpful to hear from you directly, both in public and in private.

On the positive side, we are excited about the potential for an integrated product line. As we look to the future through our handy rose-colored glasses, we see an integrated product marked by Idiom's commitment to open application programming interfaces and strong product release methodologies, yet including SDL's industry-standard analysis and language management tools. We even dare hope for "LSP-friendly" extensions to WorldServer that would allow us to manage the business processes with the same degree of flexibility that is currently provided at the project and workflow level.

I'm sure that these are among other opportunities for synergy that you considered during the merger and acquisition process. When we take the glasses off, however, causes for concern aired by several LSPs on the GALA and ALC conference calls regarding implications to people in the industry come immediately into view.

Many have focused on the advisability of LSPs sharing customer data with SDL and rightly so. WorldServer has a number of compelling technical features, but Idiom's independence was a major factor in our decision to become an LSP Advantage partner. We were confident that Idiom would not share our leads with other LSPs. Now that Idiom is owned by a competing LSP, this confidence has been eroded. We are pleased that you are planning a forthcoming information security document to address the "separation" issue. However, we are equally interested in technical separation. Mike, you say that Idiom's focus as a wholly-owned SDL subsidiary will continue to be on the corporate customer. We also hear from you, Mark, that the SDL services arm already pays for "professional services" from the technology arm. Taken together, this is not really a comforting statement. As an LSP that may be competing with SDL services, we would prefer to see all of

the technical resources focused on product development.

Likewise, Mark, you have recently made the point that the combination is essentially providing a "multi-vendor" option that contrasts with the "captive" option provided by other large LSPs. If the reality is to match the rhetoric, it is important to make a clean separation between tools and services. Doing so would allow us as a tools customer to interact normally with you as a vendor. Failing to do so will leave us and other LSP customers in an apparent competition with SDL services for SDL internal development capacity. And even if the competition is only imaginary, it is hard to see how you can provide a level of assurance that would justify building our businesses on your product set. Unlike tools like Trados that are used primarily in the translation activity itself, a commitment to WorldServer carries with it a very high switching cost on both ends. If we are to be good stewards of our own financial future, we need to be assured that our vendor is committed to supporting the product itself, not the privileged internal customer.

We remain cautiously optimistic about the future direction of SDL/Idiom. At a minimum, we hope that all of the newly-combined company's product development activities will be consolidated under the new Idiom subsidiary. We believe that would be best for the integrated product set as well as best for us as an LSP Advantage partner. We recognize that many of the "LSP-friendly" features we desire are outside the scope of the corporate focus for WorldServer, but you would not be the only technology company that offered different products for different market segments. Organizational consolidation would be the best way to communicate an intention to eventually produce compatible and mutually consistent solutions for those different market segments.

Best of all, of course, would be to divest yourselves completely of your language services arm. This would address the apparent "competition" question at both the technical and business levels. It would also signal to the marketplace that your technology arm would truly be the driver for a "multi-vendor" option. It would rejuvenate your LSP Advantage program and deliver value up and down the "translation supply chain."

Respectfully and watchfully yours,
Bob Donaldson

Bob Donaldson is vice president in charge of strategy at McElroy Translation Company.

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